

122nd annual report

*for the year ending
December 31, 1954*



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BOSTON and MAINE RAILROAD

Board of Directors

	<i>First Elected A Director</i>	<i>First Elected A Director</i>	<i>First Elected A Director</i>
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HUGH J. CHISHOLM * <i>Portland, Me.</i> President, Oxford Paper Co. Rumford, Me.	4-10-29	PHILLIPS M. PAYSON <i>Portland, Me.</i> Partner — H. M. Payson & Co., Portland Investments	2-27-47
T. JEFFERSON COOLIDGE * <i>Brookline, Mass.</i> Chairman of the Board, United Fruit Co., Boston Former Under Secretary of the Treasury	4- 9-24	WILLIAM B. SKELTON <i>Lewiston, Me.</i> Chairman of the Board, Central Maine Power Co. President, First National Bank of Lewiston	2-10-25
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EDWARD S. FRENCH * <i>Springfield, Vt.</i> Chairman of the Board, Boston and Maine Railroad, Boston	4- 9-30	TIMOTHY G. SUGHRUE * <i>Swampscott, Mass.</i> President, Boston and Maine Railroad	4-22-52
JAMES GARFIELD <i>Cambridge, Mass.</i> Lawyer, Partner — Choate, Hall & Stewart, Boston	4-25-33	ERNEST E. SWARTSWELTER <i>Conneaut Lake, Pa.</i> Chairman and President, Aetna- Standard Engineering Co., Pitts- burgh, Pa., Industrial Engineers	1-26-54
EDGAR C. HIRST <i>Concord, N. H.</i> President, First National Bank of Concord, N. H.	2-24-48	LAURENCE F. WHITEMORE <i>Pembroke, N. H.</i> Chairman and President, Brown Co., Berlin, N. H. Pulp & Paper Manufacturers Former President N.Y.N.H. & H. Railroad Former President, Federal Reserve Bank of Boston	9-23-52
HARVEY P. HOOD <i>Brookline, Mass.</i> President, H. P. Hood & Sons, Inc., Dairy Products, Boston	3- 9-43		
ERNEST M. HOPKINS <i>Hanover, N. H.</i> Chairman of the Board, National Life Insurance Company of Vermont	9- 9-20		

* Members of Executive Committee of Board of Directors.

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Executive Assistant to the President	A. S. BAKER
Vice President	R. M. EDGAR
Vice President — Accounting and Finance	G. F. GLACY
Treasurer	T. S. CURTIS
Vice President — Traffic	P. J. MULLANEY
Freight Traffic Manager	C. F. HEARD
Vice President — Purchases and Stores	H. M. RAINIE
Purchasing Agent	G. H. BOLTON
Vice President — Operations	F. W. ROURKE
Clerk of Corporation	W. J. BURNS
General Counsel	R. JACKSON
Chief Engineer	S. G. PHILLIPS
Assistant Chief Engineer	H. C. ARCHIBALD

TRANSFER AGENTS: Old Colony Trust Company, 45 Milk Street, Boston, Mass.
The Hanover Bank, 70 Broadway, New York City

To The Shareholders of the BOSTON and MAINE RAILROAD:

For the past 15 years the Railroad has been engaged in an extensive program of improvements and betterments designed to permit it to effectively perform services essential to the concentrated industrial and trade activity of New England, which is of great importance to the economy of the United States.

This effort has been carried on in the face of diminishing demand for railroad services brought on by increasing use of other forms of transportation including the private automobile, the inter-city truck, the airplane and the pipeline.

Since 1940, the Railroad has reduced its debt by \$42 million; expended \$93 million for addition and improvement to road property, equipment and tools; and expended \$8 million to bring leased lines, upon which rent and income taxes had been paid, into the Boston and Maine system.

The result of this effort is that the Railroad today is modern, well-constructed, well-maintained, well-equipped and in a financially sound condition, due in no small part to the successful conclusion of its Bond Exchange Plan of 1940 and its Stock Modification Plan of 1953.

Over a somewhat longer period the Railroad has been a pioneer in many phases of railroad transportation.

It was the first railroad, anywhere, to provide a complete and integrated transportation system:

It established the first railroad-owned bus line (1924).

It established the first railroad-owned auxiliary truck line (1925).

It established the first railroad-owned airline (1931).

It pioneered in the use of a streamlined, light-weight, low center of gravity, articulated passenger train (1935).

The Boston and Maine pioneered, also, in the use of centralized traffic control and it now protects 401 miles of its track, far more than any other New England Railroad, with this system, the installations having been made progressively since 1928. As a result the signal system, essential to safe and efficient operation, is regarded by railroad technicians as not only thoroughly modern but outstanding.

The Railroad put its first diesel-electric locomotive into operation in 1934. It has steadily increased the use of this efficient power and since 1946 has operated all of its through passenger and freight trains with diesel locomotives. At the close of 1954 the Boston and Maine owned 283 units of which 19 had been added during that year. Freight train service was wholly operated by diesel power in 1954 and during the last

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months of the year 90 per cent of the passenger train miles were operated by diesel power. Two diesel-electric units were on order at the end of the year for 1955 delivery.

Since 1940 the Railroad has put into service 2008 new freight cars of several types, 12 stainless steel coaches and restaurant lounge cars, 241 all-steel coaches for the commuter service, and, in 1954 purchased four new stainless steel, air-conditioned sleeping cars for its service to Northern Maine and the Maritimes and its service between Maine and New Hampshire points and New York City.

A significant step in this long-range program of improvement was taken in 1954 when the company purchased 55 new Rail Diesel Cars, known as Budd Highliners on this Railroad, and 10 new diesel locomotives. This was the largest purchase of equipment ever made at one time by the Railroad. Some of this equipment was delivered in 1954. The remainder will be delivered in 1955. When all are in service the Boston and Maine will be completely dieselized. Its fleet of Rail Diesel Cars will then number 64, the largest in use by any railroad in the world. The year 1956 will, therefore, be the first full year of completely dieselized operation. Annual savings estimated at \$1.7 million will result from the complete dieselization and the operation of the 55 Budd cars, part of which will be realized in 1955.

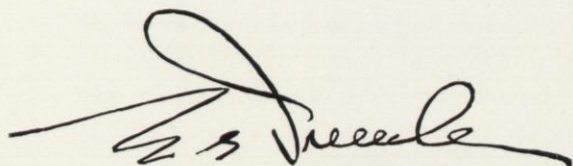
In 1954 the railroad industry as a whole experienced an overall decline in traffic which was more severe than that experienced by industry generally. Earnings declined proportionately. Higher wage rates, together with changes in federal laws increasing the amount of earnings subject to payroll taxes for retirement and unemployment insurance, were additional factors having an unfavorable effect on railroad earnings.

Loss of traffic and extraordinary expenses for repair of damage resulted from Hurricanes Carol and Edna.

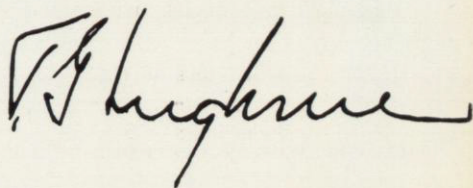
Application of forceful expense control measures in those areas not governed by regulation, and effective efforts to eliminate little used and costly services, were exercised.

Details of 1954 operations will be found in succeeding sections of this report.

To all of those who contributed to our achievements in 1954 — security holders, employees and users of our services — the Boston and Maine Railroad, its directors and its officers extend appreciation.

A large, stylized handwritten signature in black ink, likely belonging to the Chairman of the Board.

Chairman of the Board

A large, stylized handwritten signature in black ink, likely belonging to the President of the Railroad.

President

DETAILED REPORT OF OPERATIONS

Operating revenues in 1954 amounted to \$81,232,991 which was \$7,638,380 less than in 1953. Operating expenses amounted to \$69,298,126 or \$2,301,051 less than in the preceding year.

Net revenue from operations, plus other income, was \$12,678,621. Tax accruals, interest and rentals, reduced this amount to \$426,489 after all fixed charges.

CAPITAL STOCK

As of December 31, 1954, the amount of capital stock which had been exchanged under the Modification Plan of 1953, was as follows:

5% Preferred	272,675 shares, 99.0%
Common	530,878 shares, 97.0%

A dividend of \$2.62 a share on the preferred stock was paid on April 15, 1954 representing a total dividend payment of \$721,275.52. No dividends were earned on this stock in 1954.

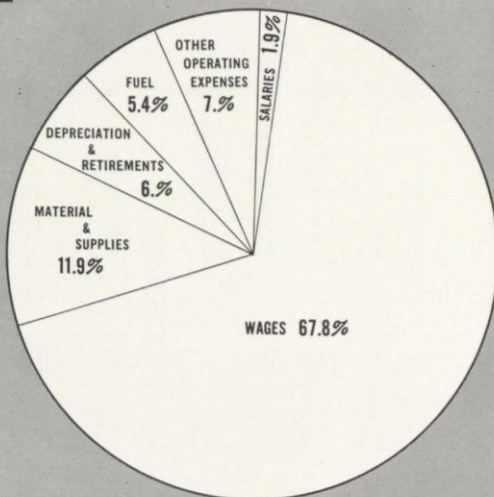
DISTRIBUTION OF OPERATING EXPENSE DOLLAR 1954

AVERAGE NUMBER
OF ALL EMPLOYEES 11,442

TOTAL PAYROLL \$50,134,183

CHARGED TO
OPERATING
EXPENSES \$48,274,209

CHARGED
TO OTHER
SERVICES \$1,859,974



CHANGES IN LONG-TERM DEBT

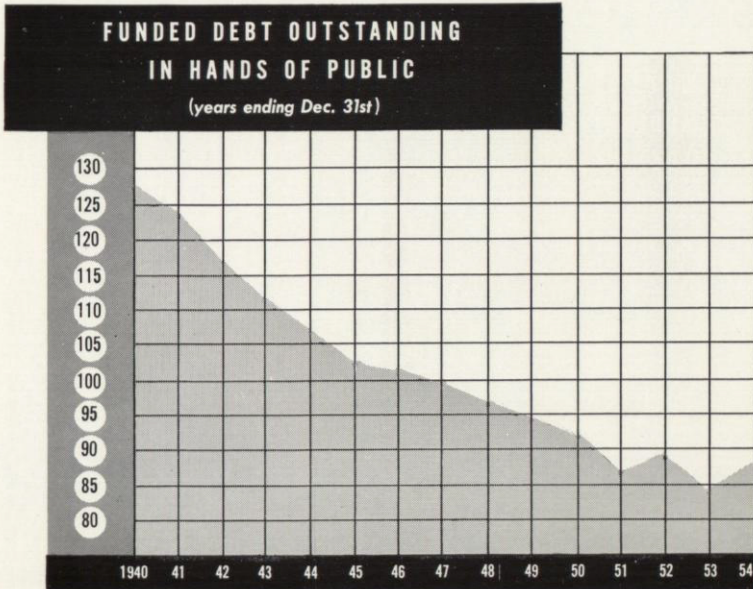
Long-term debt outstanding in the hands of the public on December 31, 1954, amounted to \$88,050,437 of which \$12,486,637 represented equipment obligations. This was an increase of \$3,835,430 as compared to December 31, 1953.

Changes in the long-term debt during the year occurred as follows:

INCREASE IN AMOUNT OF DEBT IN HANDS OF PUBLIC

Funded Debt reacquired:

Series RR 1st Mtge. 4% Bonds due 7/1/60	\$1,229,000
Series A Income Mtge. 4½% Bonds due 7/1/70	81,500
Vt. Valley RR 1st Mtge. 4% Bonds due 10/1/55	38,000
Net reduction in funded debt	\$1,348,500
Equipment obligations added on account of new equipment acquired	\$6,941,974
Equipment obligations discharged during the year	1,758,044
Net increase in equipment obligations	\$5,183,930
Total increase in long-term debt in hands of public	\$3,835,430



TAX ACCRUALS

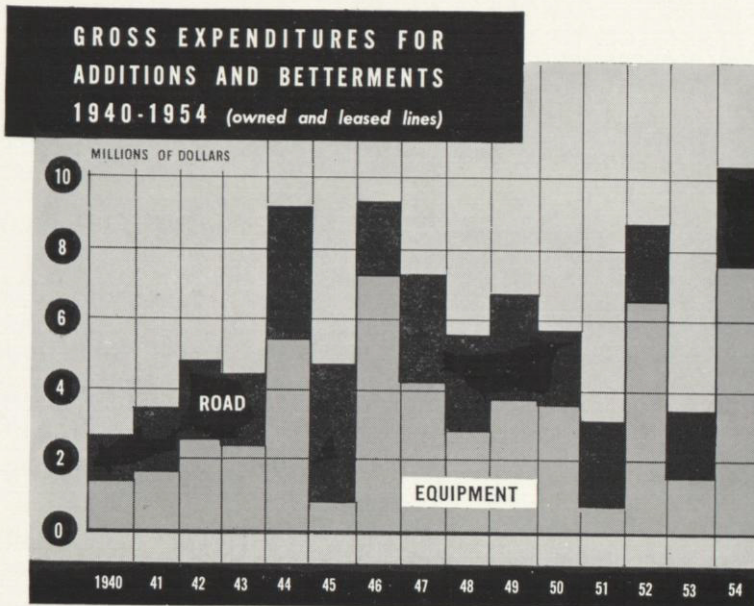
Railway tax accruals amounted to \$3,036,540 in 1954 as compared to \$7,008,495 in 1953. How taxes were paid is indicated in the following table:

	1953	1954
State and Municipal Taxes	\$2,988,678	\$2,993,323
Federal Payroll Taxes, Railroad Retirement . . .	2,653,593	2,604,582
Federal Payroll Taxes, Railroad Unemployment Insurance	212,900	207,798
Federal Income Taxes	1,146,080	(c) 2,801,951
Other Taxes	7,244	32,788

(c) Means credit.

Because of reduced earnings, no Federal Income Taxes were accrued in 1954 — except \$195,734 to cover taxes on leased lines. Credit for \$2,997,685 has been accrued and refund claim filed under the carry-back provisions of the 1954 Internal Revenue Code.

Amendments to the Railroad Retirement and Railroad Unemployment Insurance Acts, passed by the last Congress, raised the maximum taxable compensation under those acts from \$300 to \$350 per month effective July 1, 1954. The additional tax on this account based on



present employment in the six months from July to December, 1954 was about \$145,000.

Acting as an unpaid collection agency for the Federal Government, your company collected from others a total of \$11,031,173 in withholding, retirement and transportation taxes.

RETURN ON INVESTMENT

The net return on the investment in the property for 1954 was 1.3%.

Return on investment in a railroad property is computed by determining what is the percentage of net railway operating income on net investment in the property including cash, materials and supplies, after deducting accrued depreciation.

The net investment in property used in transportation service December 31, 1954 was \$249,969,031. The return on the net investment was less than one-fourth of the minimum return of 6% that must be earned in order to provide sufficient funds to pay fixed and contingent charges, including provisions for sinking funds, to keep your Railroad plant in a modern and efficient condition, and to provide dividends on a continuing basis.

The following table shows the rate of return for the five-year period 1950-1954:

	1950	1951	1952	1953	1954
Operating Revenue . . .	\$86,580,762	\$88,419,714	\$89,852,218	\$88,871,371	\$81,232,991
Operating Expense . . .	66,816,462	71,807,912	72,543,616	71,599,177	69,298,126
Net Operating Revenue .	\$19,764,300	\$16,611,802	\$17,308,602	\$17,272,194	\$11,934,865
Deductions:					
Tax Accruals	\$ 8,576,442	\$ 7,710,137	\$ 8,312,158	\$ 6,996,675	\$ 3,031,320
Equipment Rents	3,907,191	3,647,796	3,541,903	4,458,781	5,205,302
Joint Facility Rents . . .	326,911	346,881	391,126	434,965	454,278
Total	\$12,810,544	\$11,704,814	\$12,245,187	\$11,890,421	\$ 8,690,900
Net Railway Operating Income	\$ 6,953,756	\$ 4,906,988	\$ 5,063,415	\$ 5,381,773	\$ 3,243,965
Investment in Transportation Property including cash, materials and supplies, less recorded depreciation	\$256,572,127	\$252,963,510	\$256,034,088	\$248,676,951	\$249,969,031
Rate of Return	2.7%	1.9%	2.0%	2.2%	1.3%

FREIGHT TRAFFIC

Freight revenue for the year was \$61,207,413, a decrease of 9.2% from 1953. Volume, as measured in revenue ton miles, declined 6.0% from the previous year and revenue per ton mile declined 3.4%, reversing an upward trend in revenue per ton mile which had existed since the end of World War II.

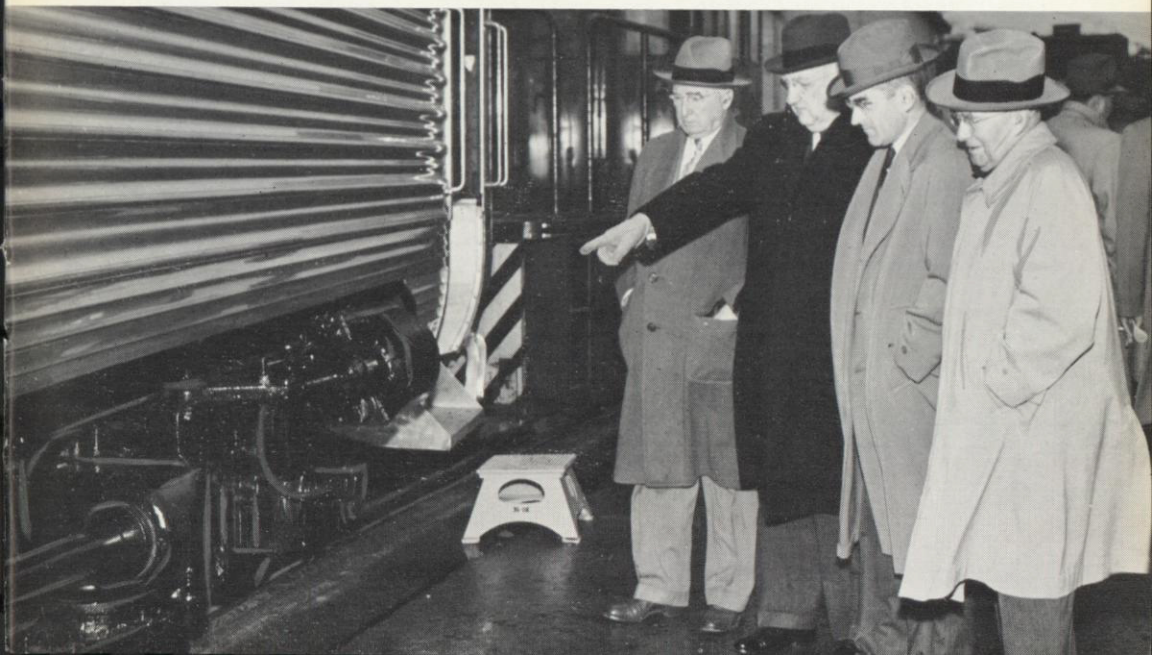
Traffic throughout the year was disappointing, reflecting the general decline in business throughout the country, but the percentage decline of the company's revenue as compared with 1953 was much less than that of the majority of the eastern railroads and less than that of the Class I railroads of the country as a whole. As is customary in times of business recession, competition between existing methods of transportation became increasingly acute and the rail carriers throughout the East undertook widespread reductions in the level of freight rates on many commodities as a means of increasing the railroads' share of the traffic. These reductions showed their effect in a decline in our revenue per ton per mile. As was the case in the previous year, the 1954 Aroostook County potato crop moved very slowly and this also adversely affected our revenue during the last three months. Only at the very end of the year were there signs of definite improvement in the general business and traffic picture in this area.

Substantial amounts of construction materials were handled during the year and it is expected that 1955 will be even more favorable in this respect. Many construction projects were badly affected by the strike in the cement industry in the late spring and the large Newington, N. H. Air Base project did not get fully under way until the fall of the year.

PASSENGER TRAFFIC

Passenger revenue for the year was \$10,589,204, or 7.1% less than in 1953. The number of passengers carried was 7.1% less than a year

Officers of the Boston and Maine inspecting the first of four new sleeping cars built at Worcester, Mass. plant of Pullman-Standard Company. Left to right: President Sughrue, President C. A. Bryan, Jr. of Pullman-Standard, R. W. Stoddard, Boston and Maine Director, and E. S. French, Chairman of the Board.



ago. Passengers carried in other than commuter service decreased 7.9%, while the number of commutation passengers was 6.4% less than in 1953.

Efforts to attract more passengers to our services were intensified during the year. An extensive effort to promote group travel resulted in a ten per cent increase in revenue from this service. On July 1, we instituted one-way and round trip family group fares which are proving increasingly popular and which we believe are attracting new business. On April 1, the Federal transportation tax of 15% was reduced to 10% and this saving was passed on to our patrons. Elimination of this unjustified tax would have a beneficial effect on rail travel and, with other carriers in the industry, we are continuing to urge its full repeal.

Several important discontinuances of unprofitable passenger train services were accomplished. Authority was received from the New Hampshire Commission to discontinue the remaining round trip between Portsmouth and Manchester and this was done on July 25. The Interstate Commerce Commission's decision permitting abandonment of the line between Plymouth and Blackmount, N. H. allowed discontinuance of passenger service on this line, with through trains being rerouted via Concord and White River Junction. The sale of the Concord-Clairemont line to a short line operator on December 17 accomplished the elimination of a money losing passenger service between Concord and Clairemont which had been in process for several years.

Train cancellations were made in total at the rate of 450,000 train miles per year. Early morning and late night deadhead runs and extensions of trains from intermediate terminals to more distant terminals in anticipation of Budd car assignments early in 1955 resulted in the addition of 170,000 train miles per year, leaving a net reduction at the rate of 280,000 train miles annually.

Integration of the new Budd Highliners into the passenger service in the suburban area of Boston, referred to earlier in this report, is expected to result in some increase in patronage. Through use of these cars to the maximum of their capabilities, more suburban service will be provided with Budd cars than is offered by any other railroad. When fully operative, this fine equipment will be in use on more than one-half the passenger trains and carry almost one-half of the total number of passengers.

Expansion of automobile parking areas at suburban stations, in an effort to promote further use of passenger trains, continues. Space for 115 additional cars was created at Lowell, Mass. and improvements were made in parking facilities at Lawrence, Reading and Bradford, Mass. Additional improvements at other stations will be undertaken early in 1955.

EXPRESS AND MILK TRAFFIC

Revenue from express was \$1,442,091, a decrease of 24.6% under 1953. The Agency is actively engaged in downward rate revisions on selected articles to meet the competition of parcel post and trucks. Increased traffic and revenue is expected to result.

Revenue from milk and cream was \$1,337,330, practically unchanged from 1953.

MAIL

During late 1952 and early 1953 the Post Office Department, in line with a newly established policy, diverted a substantial volume of mail from the rails to highway vehicles. The cities and towns served by the Railroad are close together and the recent extensive highway development made us extremely vulnerable to mail truck competition. Within a short period of six months the Railroad had lost seven of its best mail routes to the trucks and it was further understood that postal authorities were planning additional diversions of rail mail to highway vehicles.

Interior of one of the 55 new Rail Diesel Cars purchased from The Budd Company in 1954 for 1955 delivery.



When the Post Office policy of diverting mail to trucks became apparent, the Management instigated negotiations with the Postmaster General in Washington with a view to obtaining a contract that would retain the mail on the Railroad then being carried and which would also return to our rails the mail that had been diverted to trucks. After many conferences, effective April 1, 1954, a special contract for railroad mail service (the first such contract ever negotiated by a railroad) was signed between this company and the Postmaster General — whereby practically all of the mail diverted to trucks was returned to the Railroad and an annual basis for payment, subject to check every three months, was established for storage mail at a contract price somewhat less than the price fixed by the Interstate Commerce Commission on March 15, 1954. The results from this contract have been most satisfactory.

The loss in mail revenue during the first three months of 1954, prior to the April 1st, 1954 contract, was \$65,275 compared with the same three months of 1953. The increase in mail revenue from April 1, 1954 to December 31, 1954 over the same months of 1953 was \$197,112.

OPERATING EFFICIENCY

Miles per locomotive per day in 1954 were 121.7, a new high record, while the percentage of freight locomotives unserviceable was 7.6, an all time low. The volume of traffic in freight service as measured by gross ton miles handled shows that the latter figure decreased 4.3% under the year 1953.

The average gross tons per train mile — otherwise known as the train load — decreased from 2,401 in 1953 to 2,365 in 1954, or 1.5%; and the train speed (train miles per train hour) decreased from 16.6 in 1953, a record, to 16.3 in 1954, or a decrease of 1.8%, both due to the decline in volume of traffic, as was the case with gross ton miles per train hour which had a record high in 1953 and decreased in 1954 by 3.5%.

WAGE AND WORKING RULES

The year 1954 was marked by numerous changes in working rules and wage agreements resulting in most instances from demands filed by all Organizations during 1953.

In August, agreement was reached with the Railroad Yardmasters of America awarding to these employees a \$10.00 per month wage increase retroactive to December 16, 1953, cancellation of escalator cost-of-living adjustment and inclusion of current thirteen cents per hour

adjustment in basic rates. In addition, employees with fifteen years' service were given three weeks' vacation, effective January 1, 1954.

In August, the Engineers, who had earlier declined the pattern settlement agreed to by other operating employees, accepted the recommendations of the National Mediation Board granting the same package agreement of five cents per hour increase retroactive to December 16, 1953, inclusion of cost-of-living adjustment in basic rates, and extended vacation to employees with fifteen years' service. At a later date in 1954, the Dining Car Employees and Red Caps represented by the United Transport Service Employees accepted this same settlement.

The May 15th, 1954 recommendations of the Emergency Board were finally adopted by the Non-Operating Organizations on August 21st. This agreement provided for holiday pay on seven national holidays, a third week's vacation after fifteen years' service, and establishment of a health and welfare plan which is now subject to further negotiations. It further included revision of certain working rules making them more favorable to the Carrier.

Men and machines. A McWilliams Tamper, at work on The New Hampshire Division.



On December 3rd the cost-of-living escalator clause was cancelled and the present cumulative allowance of thirteen cents incorporated into basic pay rates.

New demands have been served by Operating Organizations representing Trainmen and Firemen for wage increases, minimum daily guarantees and differential rates. These proposals were still being negotiated at the year's end.

While the year 1954 has brought about many changes in working rules and rates of pay, the full effect of these settlements will not be reflected in expenses until 1955. The added cost in 1954 was approximately \$1,215,000.

CHANGES IN EQUIPMENT—1954

Steam locomotive ownership at the end of the year was 86, of which 21 were out of service authorized to be retired. During 1954, nine locomotives were retired and none added.

Diesel locomotive ownership is as follows:

	Units Added 1954	Units Retired 1954	Owned Locos.	1-1-55 Units
Road Pass. — 2000HP	—	1	20	20
Road Pass. — 2250HP	—	—	1	1
Road Frt. — 3000HP	—	—	4	8
Road Frt. — 2700HP	—	—	24	48
Road Frt. — 1350HP	—	—	14	14
Road Frt. — 1500HP	—	—	1	1
Road Pass. or Frt. — 3000HP	—	—	2	4
Road Pass. or Frt. — 2700HP	—	—	3	6
Road Pass. or Frt. — 1600HP	13	—	24	24
Road Pass. or Frt. — 1500HP	—	—	36	36
Switchers — 1200HP	—	—	12	12
Switchers — 1000HP	—	—	28	28
Switchers — 800HP	6	—	14	14
Switchers — 660HP	—	—	27	27
Switchers — 600HP	—	—	31	31
Switchers — 380HP	—	1	9	9
	19	2	250	283

COSTS OF CAR HIRE

As reported a year ago, complaint was brought against the Boston and Maine Railroad, together with certain others, because of our refusal to pay the present car hire rate of \$2.40 per day which had been voted by most of the large car-owning railroads under the AAR procedure for determining that rate. Our position was that \$2.40 per day was greatly in excess of the cost of owning and maintaining freight

cars. Hearings were held in January and March 1954. On December 8th, 1954, the I.C.C. examiner handling the case, submitted a proposed report recommending that a reasonable per diem charge under present conditions would be \$2.10 per day. Both parties have indicated their intention of filing exceptions to this proposed report. Such exceptions are due on March 14, 1955. If the report is finally adopted it would have the effect of reducing our car hire cost by approximately \$400,000 annually.

FREIGHT TRAIN CARS

Revenue freight car ownership at the end of 1954 was 4,639 or 106 cars less than at the beginning of the year. There have been 37 cars retired because of age and condition, six destroyed by accident on foreign lines, 74 sold, one converted to non-revenue service, and 10 flat cars converted to Gypsum cars. In addition two steel box cars under the Equitable Life Assurance Company's lease were destroyed by accident on a foreign line. Twelve pulpwood cars were built new at Concord Shop.

PASSENGER TRAIN CARS

Passenger car ownership at the end of the year was 824. During

Tours of the property are an important part of the Boston and Maine public relations program. Here a group of Cub Scouts mount a diesel locomotive at the Boston terminal.



1954, 68 cars were withdrawn from service, of which, 59 were scrapped, seven converted for use in non-revenue service, and two sold.

During the year, 16 second-hand Pullman tourist sleeping cars which were purchased for that purpose were converted to baggage cars.

Four sleeping cars were purchased new and leased to the Pullman Company.

There were 11 Railroad owned Pullman sleepers withdrawn from the Pullman lease to be converted to baggage, one of which was completed in 1954.

A dining car and two chair cars were withdrawn from service in 1954, and are now being converted to baggage cars.

Three all steel milk cars were purchased from the Erie Railroad.

Non revenue equipment as of December 31, 1954 consisted of 843 cars. Additions during the year included one gas crane and one snow-plow.

MATERIALS AND SUPPLIES

Further increases in production capacity of industry, coupled with slackening demand, provided improved deliveries of materials, avoiding long-range advance ordering, with direct beneficial effect on our investment in materials and supplies.

The weighted average of prices of steel products increased 3% during the year. The weighted average of prices for all materials, exclusive of fuel, remained substantially unchanged from the previous year.

A significant development in connection with crosstie procurement has come to full realization during the year. As a result of our efforts to interest local sources, all of our crosstie requirements are being produced from points on our line of road and throughout New England. Not only has this been a substantial benefit to the economy of our territory, but results in a substantial monetary savings to the company.

The disposal of ferrous and non-ferrous scrap and secondhand materials retired from service was actively pursued during the year.

Diesel fuel oil purchased for use during 1954 amounted to 26,197,633 gallons at an average cost of 9.75 cents per gallon, compared with 25,312,342 gallons in 1953 at an average cost of 10.0 cents per gallon.

The continued increase in the use of diesel power resulted in a substantial reduction in our purchases of coal for steam locomotives. Locomotive coal purchased during the year amounted to 44,605 net tons at an average cost of \$7.74 per ton. This compares with 69,000 net tons in 1953 at an average price of \$7.98 per ton.

The total cost of materials and supplies purchased in 1954 including locomotive fuel, crossties, and lumber, but excluding new equipment, was \$10,381,350 compared with \$10,384,247 in 1953.

THE MYSTIC TERMINAL COMPANY

Seventy-two hundred and seventy-four carloads of marine traffic were handled in 1954 at Hoosac and Mystic Piers over and above truck freight worked there. Fifty-one hundred and forty-four of these carloads, or 71 per cent, were in Boston and Maine roadhaul. General cargo over the piers was divided 53 per cent rail — 45 per cent truck, the balance being movement by lighter and into storage — the most favorable situation railwise of any set of piers in Boston. Overseas passengers totalling 4300 were handled at Hoosac, more than at all other piers in the Port put together.

The high winds of 1953 severely damaged Hoosac Elevator, compelling it to be operated at less than half capacity during all of 1954. The Commonwealth proposes heavy repairs to the Elevator in 1955, and it is anticipated that full capacity, or 900,000 bushels, will be restored by October.

While the general pattern at most United States ports followed the downward trend of business as a whole, there were encouraging factors in Boston marine terminal operations. A principal one was the share played by the Mystic Terminal Company in stepping up the

Part of 56,000 bags of flour at Mystic Pier, about to be loaded on the S. S. Roseville of the American-West African Line August 1954 for delivery to West African ports. It represented the largest shipment of flour out of Boston since World War II, and was handled by the Boston and Maine from its Canadian connections to the Railroad's marine subsidiary, the Mystic Terminal Company, in Charlestown. Few pier sheds on the Atlantic Coast could accommodate such a huge shipment, some 2,800 tons in weight.



recorded increase in Boston's outgoing cargoes, offshore and coastwise. The Port showed better than a 50 per cent increase in export and coastal carloads unloaded, exclusive of bulk cargo, this increase reversing the trend at many United States Atlantic ports.

There is optimism in shipping circles, based on greater world confidence in the general business outlook and continued high activity in the United States and Europe, that over-all improvement in tonnage during the year 1955 can be anticipated.

The Massachusetts Legislature approved appropriations under which a pipe beneath the Mystic River has been removed thus permitting deeper draught vessels to move up and down that river.

In the fall of 1954, the Boston and Maine Railroad, and others interested in the Port of Boston, succeeded in reopening the Iron Ore Case before the I.C.C. The object was to secure parity in rates in order that the Boston and Maine can benefit from this traffic. The record was closed on December 21, 1954 and briefs are due on March 10, 1955. A favorable decision could result in the movement of hundreds of thousands of tons of Labrador ore through the Port of Boston and over Boston and Maine lines in a profitable operation.

BOSTON & MAINE TRANSPORTATION COMPANY

Boston & Maine Transportation Company, wholly owned subsidiary of the Boston and Maine Railroad, entered into an agreement with Greyhound interests for the sale of the B. & M. T. Company's passenger bus route between Boston and Portland, Me. during the year. This matter requires the approval of the I.C.C. and appropriate applications have been filed. It is expected hearings will be held early in 1955.

ADDITIONS AND BETTERMENTS

Expenditures for additions and betterments in 1954 amounted to \$10,273,507 of which \$7,819,062 was for equipment and \$2,454,445 for road.

Principal expenditures for equipment were for locomotives and cars while the larger expenditures for road improvements were for rails and other track material, signals and interlockers, station changes, shops and engine houses.

During the year 75.8 single track miles of stone ballasted track were resurfaced on the Portland, New Hampshire and Fitchburg division main lines.

The annual test by detector car to reveal hidden defects covered 1446 track miles of main lines and important branches.

Important changes in signals and communications in 1954 included

installation of yard radio and talk back communication system at the Boston hump yards and signal circuit changes to permit operation of Rail Diesel Cars, Boston to Portsmouth, Concord, N. H. to White River Jct., Vt., the Woburn Loop and Boston to Hudson, Mass.

During the year, an extensive program of improvements was completed in freight, passenger and yard facilities, shop and engine terminal facilities, and modest improvements accomplished at station and office buildings.

During the year the Railroad purchased 87 new units of maintenance of way work equipment and accomplished replacements of 95 others.

INDUSTRIAL DEVELOPMENT

Development of land not required for operating purposes continues to be a major contribution to the economic life of Northern New England tending, as it does, to add new payrolls, new employment, new taxpayers, and new traffic for the Railroad.

Ninety-eight sales of Railroad land were completed in 1954. Of these sales, 25 were made to industries for the construction of new plants or to permit expansion of existing structures. In addition, 22 sidetrack projects involving 34,101 feet of new trackage were completed.

It is estimated that new freight traffic at the rate of 10,000 cars a year will result from these transactions.

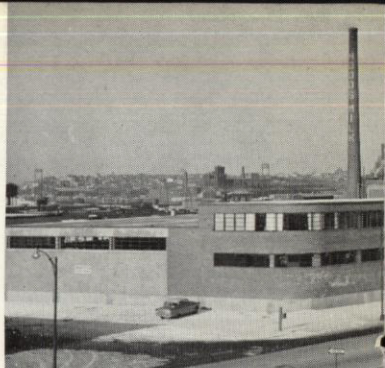
In the Rutherford Avenue section of Charlestown, Mass., development of which was briefly referred to a year ago, four attractive new



Unique type of grade crossing gates with flashing signals on Dow Street, Manchester, N. H., is co-ordinated with highway signals to protect traffic on street parallel to tracks.



Champion International Co. Debarking Plant, Bow, N. H.



John Carter Paper Co., Charlestown, Mass.



Saratoga Plastics, No. Walpole, N. H.



Biddeford Distributors Inc., Biddeford, Ma



Eastern Farmers Exchange, Manchester, N. H.

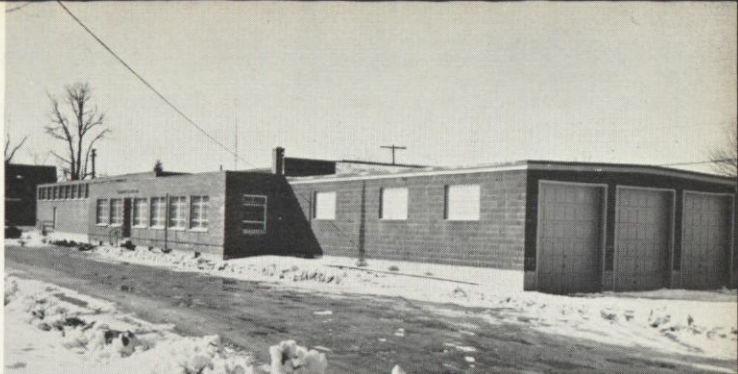
Examples of Expansion and Maine

U. S. Plywood Corp., Medford, Mass.



Alan S. Browne Printing Co., Brattleboro,





Symons Paper Co., Gardner, Mass.

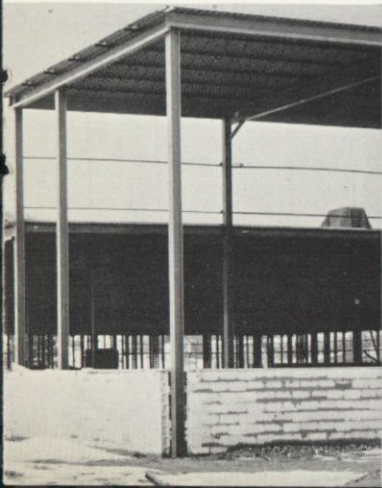


Concord Steel Corp., Everett, Mass.

f Industrial on Boston Lines—1954



James J. Graham Waste Paper Co. Inc., Medford, Mass.



Hartford Dispatch Co., West Cambridge, Mass.



buildings were erected during the year on land formerly owned by the Railroad, representing a total investment approximating \$1,500,000. These structures provided 160,000 square feet of new floor space which were occupied by substantial industries. Plans for the future development of this area contemplate a minimum of seven additional buildings with close to 250,000 square feet of new floor space. Preliminary estimates place the cost of construction at \$2,500,000.

Integration of the new Rail Diesel Cars into our passenger train service in 1955 will release one passenger yard in the Boston area for traffic producing industrial development along similar lines.

The West Cambridge industrial district, including land owned by the Railroad, experienced substantial development in 1954. There are now more than 30 industrial plants and warehouses located in this area or for which sites have been purchased.

Plans for five new major industrial development centers on Boston and Maine lines were completed in 1954. Each of these centers involves areas of approximately 100 acres with provisions for sidetracks and other necessary facilities for industrial use.

Condensed Income Account for 1954

INCOME

	1954	Increase or Decrease from 1953	Per Cent
Operating Revenues.....	\$81,232,991	d \$7,638,380	8.59
Operating Expenses.....	69,293,126	d 2,301,051	3.21
Net Revenue from Operations.....	\$11,934,865	d \$5,337,329	30.90
Railway Tax Accruals.....	3,031,320	d 3,965,355	56.67
Railway Operating Income.....	\$ 8,903,545	d \$1,371,974	13.35
Equipment and Joint Facility Rents — Net Dr.....	5,659,580	765,834	15.65
Net Railway Operating Income.....	\$ 3,243,965	d \$2,137,808	39.72
Other Income.....	743,756	d 299,435	28.70
Total Income.....	\$ 3,987,721	d \$2,437,243	37.93

DEDUCTIONS

Rental Payments — Fixed.....	\$ 831,090	\$ 16,873	2.07
Interest on Debt — Fixed.....	2,523,097	14,055	.56
Interest on Unfunded Debt.....	9,310	227	2.50
Other Deductions.....	197,735	3,974	2.05
Total Deductions.....	\$ 3,561,232	\$ 35,129	1.00
Income After Fixed Charges.....	\$ 426,489	d \$2,472,372	85.29

d Indicates decrease.

Income after Fixed Charges (Available Net Income)

has been allocated in accordance with Mortgage Indenture to the following purpose:

(a) Sinking Fund for Redemption of Series RR Bonds... \$ 426,489

(a) The Sinking Fund for Series RR Bonds, under the terms of the Mortgage Indenture, is \$679,102; of this amount, \$426,489 was earned in 1954.

Interest on Income Mortgage Bonds @ $4\frac{1}{2}\%$ for the year 1954, amounting to \$979,397, was not earned in 1954. Directors, at their meeting on January 25, 1955, authorized the payment in full of the Sinking Fund for Series RR Bonds and 1954 interest in full on Income Mortgage Bonds at the rate of $4\frac{1}{2}\%$.

Assets

Condensed General

	Dec. 31, 1954	Dec. 31, 1953
ROAD AND EQUIPMENT		
Investment in Road	\$185,290,057 32	\$189,035,947 44
Investment in Equipment	68,638,663 25	62,604,507 91
<i>Total</i>	\$253,928,720 57	\$251,640,455 35
Improvements on Leased Property	10,143,957 31	10,111,253 25
Acquisition Adjustment	c 3,442,178 38	c 5,961,122 63
Donations and Grants	c 206,092 74	c 200,856 54
<i>Total Investment in Transportation Property</i>	\$260,424,406 76	\$255,589,729 43
Accrued Depreciation — Road and Equipment	c 22,639,117 05	c 22,261,836 19
Accrued Amortization of Defense Projects — Road and Equipment	c 10,334,401 66	c 10,378,107 11
<i>Investment in Transportation Property less Recorded Depreciation and Amortization</i>	\$227,450,888 05	\$222,949,786 13
Sinking Funds	3,188 01	2,578 01
Capital and Other Reserve Funds	1,362,029 28	1,038,635 39
Miscellaneous Physical Property	493,106 96	457,504 26
Investments in Affiliated Companies	2,834,617 15	2,672,806 82
Other Investments	724,307 23	773,529 33
<i>Total Investments</i>	\$232,868,136 68	\$227,894,839 94
CURRENT ASSETS		
Cash	\$ 3,219,243 23	\$ 3,382,468 23
Cash in Transit — Agents' Remittances	750,841 62	738,085 88
Temporary Cash Investments	7,072,156 25	8,411,000 00
Special Deposits	1,517,339 42	5,417,414 63
Net Balance Receivable from Agents and Conductors	1,584,574 63	1,702,827 09
Miscellaneous Accounts Receivable	2,956,213 41	4,010,740 02
Material and Supplies	5,373,123 30	5,790,390 83
Interest and Dividends Receivable	51,745 82	14,416 60
Accrued Accounts Receivable	3,951,251 00	1,176,679 90
Other Current Assets	65,334 78	80,612 79
<i>Total Current Assets</i>	\$ 26,541,823 46	\$ 30,724,635 97
DEFERRED ASSETS		
Working Fund Advances	\$ 16,005 03	\$ 17,400 87
Insurance and Other Funds	2,374,419 06	2,235,797 34
Other Deferred Assets	370,357 53	233,717 92
<i>Total Deferred Assets</i>	\$ 2,760,781 62	\$ 2,486,916 13
UNADJUSTED DEBITS		
Prepayments	\$ 89,183 66	\$ 81,342 94
Discount on Funded Debt	219,093 36	247,330 24
Property Retired Chargeable to Operating Expenses	—	89,554 79
Other Unadjusted Debits	2,749,774 92	4,409,226 77
Securities Issued or Assumed — Unpledged	4,851,300 00	3,540,800 00
<i>Total Unadjusted Debits</i>	\$ 7,909,351 94	\$ 8,368,254 74
<i>Grand Total</i>	\$270,080,093 70	\$269,474,646 78

c Indicates Credit Balance.

Balance Sheet

Liabilities

	Dec. 31, 1954	Dec. 31, 1953
CAPITAL STOCK		
Common Stock — 547,608.51 shares	\$ 54,760,851 00	\$ 54,708,351 00
Preferred Stock — 274,996.80 shares	27,499,680 00	27,529,680 00
<i>Total Capital Stock</i>	<i>\$ 82,260,531 00</i>	<i>\$ 82,238,031 00</i>
LONG-TERM DEBT		
Funded Debt Unmatured	(a) \$ 81,061,100 00	\$ 81,099,100 00
Lease and Purchase Agreements — Equipment	12,486,636 96	7,302,707 14
<i>Total Long-Term Debt</i>	<i>\$ 93,547,736 96</i>	<i>\$ 88,401,807 14</i>
CURRENT LIABILITIES		
Traffic and Car Service Balances — Net Payable	\$ 3,741,086 76	\$ 3,767,234 94
Audited Accounts and Wages Payable	3,372,741 93	3,287,566 80
Miscellaneous Accounts Payable	1,628,843 30	1,644,652 04
Interest Matured Unpaid	1,137,914 27	1,159,097 13
Dividends Matured Unpaid	38,017 36	1,788,008 84
Unmatured Interest Accrued	1,141,607 85	1,099,910 54
Accrued Accounts Payable	1,190,261 51	906,172 73
Taxes Accrued	1,675,650 99	3,133,642 51
Other Current Liabilities	161,397 66	126,716 95
<i>Total Current Liabilities</i>	<i>\$ 14,087,521 63</i>	<i>\$ 16,913,002 48</i>
DEFERRED LIABILITIES		
Pension and Welfare Reserves	\$ 184,949 40	\$ 9,949 40
New York State E.G.C. Projects	281,343 97	289,917 68
Otherved Deferred Liabilities	153,421 47	141,855 08
<i>Total Deferred Liabilities</i>	<i>\$ 619,714 84</i>	<i>\$ 441,722 16</i>
UNADJUSTED CREDITS		
Insurance Reserves	\$ 50,000 00	\$ 50,000 00
Accrued Depreciation — Leased Property	570,190 48	443,168 82
Other Unadjusted Credits	6,099,671 04	4,597,949 87
<i>Total Unadjusted Credits</i>	<i>\$ 6,719,861 52</i>	<i>\$ 5,091,118 69</i>
SURPLUS		
Additions to Property through Income and Surplus	\$ 14,822,146 85	\$ 14,822,146 85
Funded Debt Retired through Income and Surplus	25,161,081 75	25,123,081 75
Sinking Fund Reserves	691,945 01	11,853 01
Miscellaneous Fund Reserves	1,577,265 37	1,478,728 03
<i>Total Appropriated Surplus</i>	<i>\$ 42,252,438 98</i>	<i>\$ 41,435,809 64</i>
Unearned Surplus	26,911,897 18	26,934,397 18
Earned Surplus	(b) 3,680,391 59	(b) 8,018,758 49
<i>Total Surplus</i>	<i>\$ 72,844,727 75</i>	<i>\$ 76,388,965 31</i>
<i>Grand Total</i>	<i>\$270,080,093 70</i>	<i>\$269,474,646 78</i>

(a) Includes \$5,497,300 held by or for Company.

(b) Includes Surplus Earned by Lessor Companies before Consolidation.

Income Account

	Year ended Dec. 31, 1954	Increase or Decrease	Per Cent
TRANSPORTATION REVENUE			
Freight	\$61,207,413 06	d\$6,228,036 64	9.24
Passenger	10,589,203 51	d 807,675 20	7.09
Baggage	10,678 92	d 1,294 79	10.81
Parlor and Chair Car . . .	1,883 61	d 4,479 69	70.40
Mail	3,028,191 37	131,837 35	4.55
Express	1,442,091 29	d 470,289 47	24.59
Other Passenger-Train . .	252,869 24	d 3,644 00	1.42
Milk	1,337,329 72	d 11,504 27	.85
Switching	793,222 00	d 33,258 87	4.02
<i>Total Transportation Revenue</i>	\$78,662,882 72	d\$7,428,345 58	8.63
INCIDENTAL REVENUE			
Dining and Buffet	\$ 134,683 07	\$ 508 68	.38
Station and Train Privileges	137,411 60	4,541 47	3.42
Parcel Room	3,125 45	d 696 80	18.23
Storage — Freight	33,134 84	d 16,874 28	33.74
Storage — Baggage	3,670 88	d 524.05	12.49
Demurrage	301,710 04	d 30,403 44	9.15
Communication	34,062 77	4,141 30	13.84
Grain Elevator	71,473 22	d 56,248 40	44.04
Power	90,653 62	d 9,497 80	9.48
Rent of Buildings and Other Property	997,023 52	d 48,059 71	4.60
Miscellaneous	494,123 44	d 77,212 63	13.51
<i>Total Incidental Revenue</i>	\$ 2,301,072 45	d\$ 230,325 66	9.10
Joint Facility — Cr. . . .	\$ 275,463 77	\$ 21,704 47	8.55
Joint Facility — Dr. . . .	6,428 03	1,413 24	28.18
<i>Total Joint Facility Operating Revenue. .</i>	\$ 269,035 74	\$ 20,291 23	8.16
<i>Total Operating Revenues</i>	\$81,232,990 91	d\$7,638,380 01	8.59
OPERATING EXPENSES			
Maintenance of Way and Structures	\$15,009,847 31	d\$ 494,601 42	3.19
Maintenance of Equipment.	12,030,300 88	d 1,306,877 14	9.80
Traffic	1,429,726 43	59,728 01	4.36
Transportation	36,917,003 57	d 354,297 36	.95
Miscellaneous Operations .	189,016 05	d 35,109 99	15.67
General	3,722,232 00	d 169,892 40	4.37
<i>Total Operating Expenses</i>	\$69,298,126 24	d\$2,301,050 30	3.21
<i>Operating Ratio</i>	(85.31%)	(4.75%)	
<i>Net Operating Revenue .</i>	\$11,934,864 67	d\$5,337,329 71	30.90

d Indicates decrease.

Income Account (Continued)

	Year ended Dec. 31, 1954	Increase or Decrease	Per Cent
TAX ACCRUALS	\$3,031,320 24	d\$3,965,354 82	56.67
<i>Operating Income</i> . . .	\$8,903,544 43	d\$1,371,974 89	13.35
Rent from Locomotives . .	\$ 21,512 97	\$ 334 34	1.58
Rent from Passenger-Train Cars	621,941 42	d 77,582 94	11.09
Rent from Work Equipment	4,231 64	d 12,476 40	74.67
Joint Facility Rent Income	435,160 34	10,159 82	2.39
<i>Total Rent Income</i> . .	\$1,082,846 37	d\$ 79,565 18	6.84
Hire of Freight Cars —			
Debit Balance	\$4,991,240 98	\$ 748,427 66	17.64
Rent for Locomotives . . .	68,671 78	d 49,423 31	41.85
Rent for Passenger-Train Cars	793,068 58	d 42,044 85	5.03
Rent for Work Equipment .	6 35	d 163 48	96.26
Joint Facility Rents	889,438 45	29,472 32	3.43
<i>Total Rents Payable</i> . .	\$6,742,426 14	\$ 686,268 34	11.33
<i>Net Rents Payable</i> . . .	\$5,659,579 77	\$ 765,833 52	15.65
<i>Net Railway Operating Income</i>	\$3,243,964 66	d\$2,137,808 41	39.72
OTHER INCOME			
Miscellaneous Rent Income	\$ 292,962 93	\$ 17,254 36	6.26
Income from Nonoperating Property	8,992 88	1,684 22	23.04
Dividend Income	42,129 13	13,233 63	45.80
Interest Income	251,280 98	d 335,483 58	57.18
Income from Sinking and Other Reserve Funds . .	110,155 74	6,872 21	6.65
Miscellaneous Income . . .	38,234 85	d 2,996 12	7.27
<i>Total Other Income</i> . .	\$ 743,756 51	d\$ 299,435 28	28.70
<i>Total Income</i>	\$3,987,721 17	d\$2,437,243 69	37.93

d Indicates decrease.

Income Account (Concluded)

	Year ended Dec. 31, 1954	Increase or Decrease	Per Cent
MISCELLANEOUS DEDUCTIONS FROM INCOME			
Miscellaneous Rents	\$ 356,208 86	\$ 16,872 54	4.97
Miscellaneous Tax Accruals	5,220 00	d 6,600 00	55.84
Miscellaneous Income Charges	21,381 58	2,717 84	14.56
Income Applied to Sinking and Other Reserve Funds	145,283 50	8,365 50	6.11
<i>Total Miscellaneous Deductions</i>	<i>\$ 528,093 94</i>	<i>\$ 21,355 88</i>	<i>4.21</i>
<i>Income Available for Fixed Charges</i>	<i>\$3,459,627 23</i>	<i>d\$2,458,599 57</i>	<i>41.54</i>
FIXED CHARGES			
Rent for Leased Roads	\$ 474,880 84	—	—
Interest on Funded Debt — Fixed Interest	2,523,097 06	\$ 14,055 16	.56
Interest on Unfunded Debt	9,310 16	227 11	2.50
Amortization of Discount on Funded Debt	25,850 13	d 509 41	1.93
<i>Total Fixed Charges</i>	<i>\$3,033,138 19</i>	<i>\$ 13,772 86</i>	<i>.46</i>
<i>Income after Fixed Charges (Available Net Income)</i>	<i>\$ 426,489 04</i>	<i>d\$2,472,372 43</i>	<i>85.29</i>
CONTINGENT CHARGES			
Sinking Fund — Series RR Bonds	(a)\$ 679,102 00	—	
Interest on Funded Debt — Contingent Interest	(a) 979,396 87	d\$ 35,986 84	
Sinking Fund — Series A Bonds	—	d 482,870 00	
<i>Total Contingent Charges</i>	<i>\$1,658,498 87</i>	<i>d\$ 518,856 84</i>	
<i>Net Income after Fixed Charges and Other De- ductions (Deficit)</i>	<i>\$1,232,009 83</i>	<i>d\$1,953,515 59</i>	

d Indicates decrease.

(a) The Sinking Fund for Series RR Bonds, under the terms of the Mortgage Indenture, is \$679,102, of this amount, \$426,489 was earned in 1954.

Interest on Income Mortgage Bonds @ $4\frac{1}{2}\%$ for the year 1954, amounting to \$979,397; was not earned in 1954. Directors, at their meeting on January 25, 1955, authorized the payment in full of the Sinking Fund for Series RR Bonds and 1954 interest in full on Income Mortgage Bonds at the rate of $4\frac{1}{2}\%$.

Operating Expenses

	Year ended Dec. 31, 1954	Increase or Decrease
MAINTENANCE OF WAY AND STRUCTURES		
Superintendence	\$ 1,001,264 78	\$ 28,394 48
Roadway Maintenance	1,255,920 43	d 125,529 63
Tunnels and Subways	46,385 20	d 10,016 39
Bridges, Trestles and Culverts	360,012 48	d 34,865 19
Ties	615,640 45	d 29,168 72
Rails	294,331 36	178,131 47
Other Track Material	511,008 50	103,038 07
Ballast	103,954 28	d 20,422 23
Track Laying and Surfacing	3,705,195 69	d 306,655 28
Fences, Snowsheds and Signs	66,286 00	d 20,373 28
Station and Office Buildings	701,962 67	d 43,422 52
Roadway Buildings	60,076 20	d 292 14
Water Stations	14,920 72	d 1,054 81
Fuel Stations	22,160 44	d 775 30
Shops and Enginehouses	555,410 17	d 9,645 62
Grain Elevators	13,000 63	d 15,669 41
Wharves and Docks	25,037 04	11,148 10
Coal and Ore Wharves	3,906 31	d 17,400 86
Communication Systems	99,941 09	d 19,230 54
Signals and Interlockers	1,197,621 71	d 65,289 45
Power Plants	7,408 06	616 91
Power-Transmission Systems	77,578 04	d 1,305 73
Miscellaneous Structures	—	d 198 62
Road Property — Depreciation	1,728,262 96	2,261 00
Retirements — Road	224,063 96	d 205,606 14
Roadway Machines	219,650 64	d 20,965 99
Dismantling Retired Road Property	248,295 29	96,342 89
Small Tools and Supplies	219,004 63	d 7,039 50
Removing Snow, Ice and Sand	706,181 37	58,726 08
Public Improvements — Maintenance	304,369 12	104,140 38
Injuries to Persons	56,755 83	d 82,672 44
Insurance	31,807 52	d 368 76
Stationery and Printing	13,046 87	1,573 34
Other Expenses	7,099 54	d 9,098 90
Maintaining Joint Tracks, Yards and Other Facilities — Dr.	663,394 02	d 31,996 13
Maintaining Joint Tracks, Yards and Other Facilities — Cr.	151,106 69	d 89 44
<i>Total Maintenance of Way and Structures</i>	<i>\$15,009,847 31</i>	<i>d\$ 494,601 42</i>
<i>Ratio to Total Operating Revenues .</i>	<i>(18.48%)</i>	<i>(1.04%)</i>

d Indicates decrease.

Operating Expenses (Continued)

	Year ended Dec. 31, 1954	Increase or Decrease
MAINTENANCE OF EQUIPMENT		
Superintendence	\$ 726,815 49	d\$ 27,221 62
Shop Machinery	213,374 21	d 26,206 29
Power-Plant Machinery	92,521 53	17,184 48
Shop and Power-Plant Machinery — Depreciation	88,416 00	d 17,331 00
Dismantling Retired Shop and Power- Plant Machinery	297 34	d 1,002 65
Steam Locomotives — Repairs	528,702 65	d 146,190 59
Other Locomotives — Repairs	3,246,365 12	d 430,039 29
Freight-Train Cars — Repairs	2,152,108 59	d 102,901 02
Passenger-Train Cars — Repairs	2,315,763 67	d 411,078 70
Work Equipment — Repairs	265,190 34	d 39,131 50
Miscellaneous Equipment — Repairs	2,109 74	d 1,863 48
Dismantling Retired Equipment	50,568 70	d 39,822 28
Equipment — Depreciation	2,087,983 69	69,360 56
Injuries to Persons	48,453 66	d 56,401 78
Insurance	67,048 69	d 16,096 38
Stationery and Printing	9,416 44	d 1,129 04
Other Expenses	28,637 72	d 71,049 40
Joint Maintenance of Equipment Expenses — Dr.	115,093 80	d 5,998 79
Joint Maintenance of Equipment Expenses — Cr.	8,566 50	d 41 63
<i>Total Maintenance of Equipment</i>	<i>\$12,030,300 88</i>	<i>d\$1,306,877 14</i>
<i>Ratio to Total Operating Revenues</i>	<i>(14.81%)</i>	<i>d (.20%)</i>
TRAFFIC		
Superintendence	\$ 576,693 89	\$ 36,386 31
Outside Agencies	514,836 91	7,879 22
Advertising	193,459 46	7,370 46
Traffic Associations	60,003 20	1,090 14
Industrial and Immigration Bureaus	25,140 50	d 1,876 67
Insurance	292 09	72 68
Stationery and Printing	59,300 38	8,805 87
<i>Total Traffic</i>	<i>\$ 1,429,726 43</i>	<i>\$ 59,728 01</i>
<i>Ratio to Total Operating Revenues</i>	<i>(1.76%)</i>	<i>(.22%)</i>

d Indicates decrease.

Operating Expenses (Continued)

	Year ended Dec. 31, 1954	Increase or Decrease
TRANSPORTATION		
Superintendence	\$ 1,076,982 99	d\$ 32,986 73
Dispatching Trains	425,689 60	4,905 92
Station Employees	5,467,629 52	d 314,026 15
Weighing, Inspection and Demurrage Bureaus	21,843 44	d 13,683 96
Station Supplies and Expenses	540,115 27	d 34,874 90
Yardmasters and Yard Clerks	1,295,996 65	d 38,765 98
Yard Conductors and Brakemen	2,537,286 76	d 34,002 93
Yard Switch and Signal Tenders	395,491 11	d 61,316 76
Yard Enginemen	17,369 68	d 106,820 15
Yard Motormen	1,461,838 24	91,852 32
Yard Switching Fuel	226,412 61	d 58,914 50
Water for Yard Locomotives	1,119 53	d 3,618 98
Lubricants for Yard Locomotives	24,299 66	d 357 24
Other Supplies for Yard Locomotives . .	18,852 04	2,668 05
Enginehouse Expenses — Yard	252,187 96	17,849 36
Yard Supplies and Expenses	97,168 85	755 91
Operating Joint Yards and Terminals — Dr.	2,724,817 35	d 6,580 59
Operating Joint Yards and Terminals — Cr.	458,761 92	d 35,669 79
Train Enginemen	360,453 69	d 129,190 60
Train Motormen	3,483,963 69	258,945 31
Train Fuel	2,793,760 39	d 148,975 66
Water for Train Locomotives	34,673 58	d 19,097 24
Lubricants for Train Locomotives	183,880 52	d 9,557 38
Other Supplies for Train Locomotives . .	165,304 69	25,912 58
Enginehouse Expenses — Train	1,883,308 06	173,655 38
Trainmen	5,375,882 25	137,871 01
Train Supplies and Expenses	2,420,323 14	d 230,410 11
Operating Sleeping Cars	143,417 19	d 1,650 77
Signal and Interlocker Operation	776,743 58	d 2,019 24
Crossing Protection	1,522,327 39	d 51,187 08
Drawbridge Operation	73,370 16	d 3,647 88
Communication System Operation	66,509 23	93 13
Stationery and Printing	167,360 03	18,035 73
Other Expenses	32,645 00	d 12,496 18
Operating Joint Tracks and Facilities — Dr.	46,439 95	d 3,156 37
Operating Joint Tracks and Facilities — Cr.	63,391 73	d 2,571 98
Insurance	23,856 39	d 3,486 68
Clearing Wrecks	103,193 70	44,514 65
Damage to Property	63,307 13	35,620 16
Damage to Live Stock on Right of Way . .	3,257 02	d 773 99
Loss and Damage — Freight	620,778 30	35,724 97
Loss and Damage — Baggage	10,871 25	d 2,194 26
Injuries to Persons	498,429 63	82,848 70
Total Transportation	\$36,917,003 57	d\$ 354,297 36
Ratio to Total Operating Revenues	(45.45%)	(3.51%)

d Indicates decrease.

Operating Expenses (Concluded)

	Year ended Dec. 31, 1954	Increase or Decrease
MISCELLANEOUS OPERATIONS		
Dining and Buffet Service	\$ 161,758 42	d\$ 7,579 24
Grain Elevators	27,257 63	d 27,528 50
Other Miscellaneous Operations	—	d 2 25
<i>Total Miscellaneous Operations</i>	<i>\$ 189,016 05</i>	<i>d\$ 35,109 99</i>
<i>Ratio of Total Operating Revenues</i>	<i>(.23%)</i>	<i>d (.02%)</i>
GENERAL		
Salaries and Expenses of General Officers	\$ 327,839 89	d\$ 17,238 87
Salaries and Expenses of Clerks and Attendants	2,257,843 72	d 121,329 91
General Office Supplies and Expenses	178,730 81	8,138 94
Law Expenses	355,118 67	d 47,823 76
Insurance	621 27	d 254 68
Pensions and Gratuities	296,494 95	24,313 03
Stationery and Printing	74,930 38	8,602 93
Valuation Expenses	41,543 79	d 1,859 05
Other Expenses	157,724 78	d 27,342 40
General Joint Facilities — Dr.	31,383 74	4,901 37
<i>Total General</i>	<i>\$ 3,722,232 00</i>	<i>d\$ 169,892 40</i>
<i>Ratio to Total Operating Revenues</i>	<i>(4.58%)</i>	<i>(.20%)</i>
<i>Total Operating Expenses</i>	<i>\$69,298,126 24</i>	<i>d\$2,301,050 30</i>
<i>Ratio to Total Operating Revenues</i>	<i>(85.31%)</i>	<i>(4.75%)</i>

d Indicates decrease.

Dover, N. H. Freight House after Hurricane Edna.

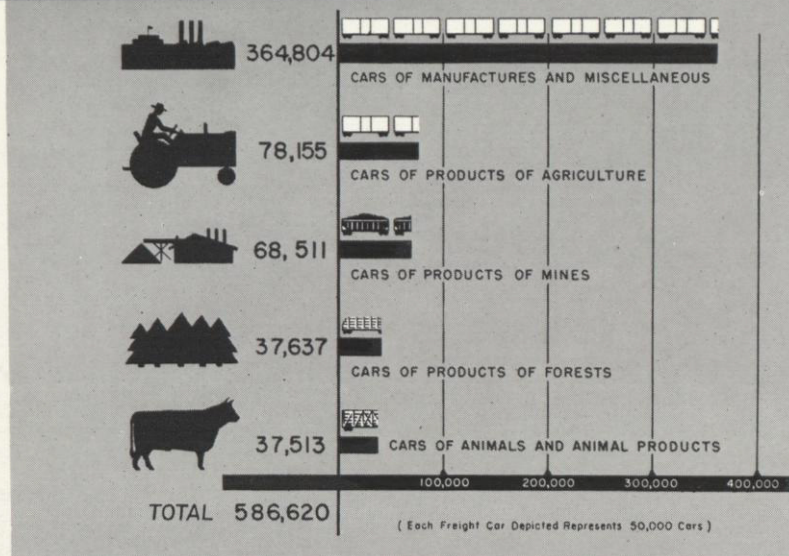


Earned Surplus — December 31, 1954

Item	Debit	Credit
Balance, December 31, 1953 (Credit)		(a) \$8,018,758 49
Debit Balance from Income Account for year 1954	\$1,232,009 83	
Adjustment to Par of Boston and Maine Railroad Bonds purchased during 1954		372,225 75
Retired Miscellaneous Property Sold — Net		193,568 14
Dividend Appropriation of Surplus	721,275 52	
Accrual for Vacations earned in 1954, to be paid in 1955	2,249,896 00	
Accrual for Unsettled 1954 Injury Claims	400,000 00	
Accrual for Unsettled 1954 Loss and Damage Claims	306,000 00	
Miscellaneous Credits — Net		5,020 56
Credit Balance, December 31, 1954	(a) 3,680,391 59	
	\$8,589,572 94	\$8,589,572 94

(a) Includes Surplus Earned by Lessor Companies before Consolidation.

CARLOADS HAULED IN 1954



Capital Stock and Long-Term Debt Outstanding

CAPITAL STOCK	Amount Issued	Dividend Rate
Preferred — 274,996.80 shares . . .	\$27,499,680 00	5%
^a Common — 547,608.51 “ . . .	54,760,851 00	
	\$82,260,531 00	

LONG-TERM DEBT	Amount Outstanding
Bonds secured by Mortgage dated December 1, 1919, supplemented as of July 1, 1940	
Series II	\$ 1,237,000 00
“ RR	53,401,100 00
“ JJ	902,000 00
“ AC	3,065,000 00
Income Mortgage “ A	22,344,000 00
Vermont Valley Railroad 1st Mortgage Bonds	^c 112,000 00
<i>Total Mortgage Bonds</i>	<i>\$81,061,100 00</i>
Lease and Purchase Agreements — Equipment	12,486,636 96
<i>Grand Total Long-Term Debt</i>	<i>\$93,547,736 96</i>

Capital Stock Outstanding December 31, 1954—Leased Roads

CAPITAL STOCK	Amount Outstanding	Dividend Rate (Paid as rental)	Owned, Held in Treasury or Insurance Fund
Stony Brook	\$ 300,000 00	7%	\$ 51,700 00
Northern	3,068,400 00	6%	1,128,900 00
Vermont and Massachusetts	3,193,000 00	6%	699,400 00
<i>Total Capital Stock</i>	<i>\$6,561,400 00</i>		<i>\$1,880,000 00</i>

December 31, 1954—Owned Road

Date of Maturity	Rate	Amount in Hands of Public	Owned, Deposited with Trustee, or Held in Treasury**
May 1, 1955	5 %	\$ 1,237,000 00	
July 1, 1960	4 %	49,156,300 00	\$4,244,800 00
April 1, 1961	4 $\frac{3}{4}$ %	897,000 00	^b 5,000 00
September 1, 1967	5 %	2,424,000 00	^b 641,000 00
July 1, 1970	4 $\frac{1}{2}$ %	21,737,500 00	606,500 00
October 1, 1955	4 %	112,000 00	
Various	Various	\$75,563,800 00	\$5,497,300 00
		12,486,636 96	
		\$88,050,436 96	\$5,497,300 00

** No interest.

^a Includes 9.48 shares held for conversion of Concord & Montreal Railroad Stock.

^b Deposited with and held by Trustee in Lieu of Mortgaged Property Sold, to release would require cash payment at par.

^c Issued under Vermont Valley Railroad Mortgage dated October 1, 1940, assumed on December 31, 1949.

Miles of Road Operated, December 31, 1954

STEAM ROADS	Owned	Leased	Total
Main Lines	827 28	137 20	964 48
Branch Lines	532 84	4 32	537 16
Trackage Rights	—	73 97	73 97
<i>Total Road Operated</i>	<i>1,360 12</i>	<i>215 49</i>	<i>1,575 61</i>
Second Track	455 80	^a 79 83	535 63
Third Track	8 37	^b 7 69	16 06
Other Tracks	820 04	97 38	917 42
<i>Total Track Operated</i>	<i>2,644 33</i>	<i>400 39</i>	<i>3,044 72</i>

^a Includes trackage rights 13.14 miles.

^b Includes trackage rights .99 mile.

Additions and Betterments (Operating Property)—December 31, 1954

TITLE ACCOUNT		Gross Expenditures	Property Retired	Net Capital Changes
ROAD				
1	Engineering	\$ 41,615 55	\$ 187,963 33	\$ 146,347 78
2	Land for Transportation Purposes	91 31	545,653 51	545,562 20
2½	Other Right-of-Way Expenditures	—	5,662 00	5,662 00
3	Grading	24,598 65	1,223,179 49	1,198,580 84
5	Tunnels and Subways	13,448 16	—	13,448 16
6	Bridges, Trestles and Culverts	26,035 65	1,016,397 06	990,361 41
8	Ties	11,566 09	260,720 80	249,154 71
9	Rails	408,263 90	788,445 61	380,181 71
10	Other Track Material	344,160 97	516,337 70	172,176 73
11	Ballast	936 19	161,856 49	160,920 30
12	Track Laying and Surfacing	16,600 30	284,534 12	267,933 82
13	Fences, Snowsheds and Signs	1,409 99	66,245 08	64,835 09
16	Station and Office Buildings	248,312 35	428,744 83	180,432 48
17	Roadway Buildings	—	7,802 12	7,802 12
18	Water Stations	780 78	80,249 75	79,468 97
19	Fuel Stations	9,312 62	6,843 73	2,468 89
20	Shops and Enginehouses	216,224 68	113,284 91	102,939 77
26	Communication Systems	18,763 94	8,357 20	10,406 74
27	Signals and Interlockers	551,425 96	128,535 55	422,890 41
29	Power Plants	59 84	—	59 84
31	Power-Transmission Systems	68,371 40	8,354 89	60,016 51
37	Roadway Machines	133,517 06	8,977 22	124,539 84
39	Public Improvements—Construction	95,377 21	83,660 66	11,716 55
44	Shop Machinery	187,613 77	64,496 41	123,117 36
45	Power-Plant Machinery	35,958 70	2,970 22	32,988 48
<i>Total Road</i>		<i>\$ 2,454,445 07</i>	<i>\$5,999,272 68</i>	<i>\$3,544,827 61</i>
EQUIPMENT				
51	Steam Locomotives	\$ 146 57	\$ 316,171 11	\$ 316,024 54
52	Other Locomotives	6,320,763 97	381,084 73	5,939,679 24
53	Freight-Train Cars	125,323 93	291,589 61	166,265 68
54	Passenger-Train Cars	1,244,698 67	670,304 78	574,393 89
57	Work Equipment	128,128 89	124,200 13	3,928 76
58	Miscellaneous Equipment	—	1,556 33	1,556 33
<i>Total Equipment</i>		<i>\$ 7,819,062 03</i>	<i>\$1,784,906 69</i>	<i>\$6,034,155 34</i>
GENERAL EXPENDITURES				
72	General Officers and Clerks	—	\$ 13,656 00	\$ 13,656 00
73	Law	—	8,194 68	8,194 68
74	Stationery and Printing	—	909 00	909 00
75	Taxes	—	4,545 00	4,545 00
76	Interest during Construction	—	138,020 77	138,020 77
77	Other Expenditures—General	—	3,033 00	3,033 00
<i>Total General Expenditures</i>		<i>—</i>	<i>\$ 168,358 45</i>	<i>\$ 168,358 45</i>
<i>Totals</i>		<i>\$10,273,507 10</i>	<i>*\$7,952,537 82</i>	<i>\$2,320,969 28</i>

* DISPOSITION OF CREDITS

Account No.		
701	— Road and Equipment Property — (Equipment Converted)	\$ 21,500 00
702½A	— Acquisition Adjustment	2,518,944 25
702½	— Accrued Depreciation — Road and Equipment — Owned Road	3,413,462 28
705	— Miscellaneous Physical Property	43,611 00
708	— Cash — (Land, Buildings, Equipment, Rail and Track Fastenings Sold)	1,139,854 65
716	— Material and Supplies — (Usable Material)	208,982 97
† 722	— Other Deferred Assets	314,641 00
779	— Accrued Depreciation — Leased Property	29,603 30
531	— Operating Expenses	466,560 28
607	— Profit and Loss — Credit	204,621 91

Total Amount credited to Investment in Road and Equipment \$7,952,537 82

† Salvage — Plymouth-Blackmount retirement to be accounted for in 1955.

Operating Statistics

	Year ended Dec. 31, 1954	Increase or Decrease
AVERAGE MILES OF ROAD OPERATED		
Freight service	1,653.08	14.51
Passenger service	1,257.48	49.54
<i>Total</i>	1,664.40	14.54
TRAIN MILEAGE		
Freight service (with locomotives)	2,972,190	86,633
Passenger service (with locomotives)	5,113,291	136,515
Passenger service (without locomotives)	942,685	217,155
Work service	82,969	26,912
<i>Total train miles</i>	9,111,135	32,905
* LOCOMOTIVE MILEAGE		
Freight service	3,123,986	119,073
Passenger service	5,283,951	136,801
Train switching	383,910	9,150
Yard switching	1,934,670	86,208
Work service	128,275	45,080
<i>Total locomotive miles</i>	10,854,792	378,012
CAR MILEAGE		
Freight-Train Car Miles:		
Loaded	107,639,003	8,449,182
Empty	57,467,955	2,495,903
Caboose	3,051,831	101,779
<i>Total freight-train car miles</i>	168,158,789	6,055,058
Passenger-Train Car Miles:		
Passenger coaches	14,793,534	390,822
Sleeping and parlor cars	2,527,270	213,729
Club, lounge, dining and observation cars	186,408	29,221
Business cars	15,275	1,354
Mail, express, and baggage cars, and combination cars other than passenger	13,517,722	211,185
Combination passenger cars (mail, express, or baggage with passenger)	3,256,443	354,325
<i>Total passenger-train car miles</i>	34,296,652	1,142,194
<i>Total transportation service car miles</i>	202,455,441	7,197,252
AVERAGES		
Operating revenues per mile of road	\$48,806.17	\$4,126.85
Operating expenses per mile of road	41,635.50	1,009.96
Net railway operating income per mile of road	1,949.03	1,256.43
Operating revenues per train mile	\$ 9.00	\$.84
Operating expenses per train mile	7.68	.25
Net railway operating income per train mile36	.24
Total freight cars per revenue train mile	55.55	.37
Loaded freight cars per revenue train mile	36.21	1.74
Empty freight cars per revenue train mile	19.34	1.37
Total passenger cars per train mile	5.66	.27

* Includes 10,287,380 Diesel Locomotive Miles.
Italics indicate decrease.

Traffic Statistics

	Year Ended Dec. 31, 1954	Increase or Decrease
FREIGHT		
Freight Revenue	\$ 61,207,413	\$ 6,228,037
Tons of revenue freight carried	16,597,252	1,199,967
Tons of company freight carried	790,839	135,349
<i>Total tons of freight carried</i>	17,388,091	1,335,316
Tons of revenue freight carried one mile	2,731,330,903	174,415,869
Tons of company freight carried one mile	42,093,684	8,508,575
<i>Total tons of freight carried one mile</i>	2,773,424,587	182,924,444
PASSENGER		
Passenger Revenue:		
Commutation ticket passengers	\$ 2,895,915.70	\$ 51,588.40
Single fare ticket passengers (not including interline)	4,639,892.93	395,326.47
Interline ticket passengers	3,053,394.88	360,760.33
<i>Total passenger revenue</i>	\$10,589,203.51	\$ 807,675.20
Number of Passengers Carried:		
Commutation ticket passengers	8,428,437	580,223
Single fare ticket passengers (not including interline)	5,321,852	415,520
Interline ticket passengers	994,247	124,001
<i>Total number of passengers carried</i>	14,744,536	1,119,744
Number of Passengers carried one mile:		
Commutation ticket passengers	124,360,838	8,060,371
Single fare ticket passengers (not including interline)	154,585,799	12,765,529
Interline ticket passengers	92,639,072	9,470,536
<i>Total number of passengers carried one mile</i>	371,585,709	30,296,436
Number of Passengers to and from Boston including commutation ticket passengers	15,192,639	621,622
AVERAGES		
Freight:		
Miles hauled — revenue freight	164.57	1.30
Tons of revenue freight per train mile	918.96	31.00
Tons of revenue freight per loaded car mile	25.37	.34
Revenue per ton of freight	\$ 3.68780	\$.10130
Revenue per ton per mile (cents)	2.241	.080
Revenue per revenue train mile	\$ 20.593	\$ 1.453
Freight revenue per loaded car mile (cents)	56.864	1.226
Passenger:		
Average distance carried per passenger (miles)	25.20	.13
Number of passengers per train mile	61.36	5.90
Number of passengers per car mile	18.06	.60
Revenue per passenger (cents)	71.82	.02
Revenue per passenger mile, commutation ticket passengers (cents)	2.329	.103
Revenue per passenger mile, single fare not in- cluding interline (cents)	3.002	.007
Revenue per passenger mile, interline passengers (cents)	3.296	.048
Revenue per passenger mile, all passengers (cents)	2.850	.014
Passenger revenue per passenger car mile (cents)	51.461	1.459
Total passenger service train revenue per train mile	\$ 2.774	\$.232

Italics indicate decrease.

Additions and Betterments

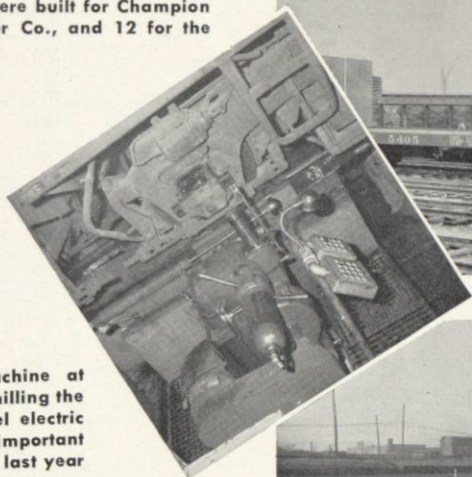
Assembly line at Budd Company plant in Philadelphia where, at the end of 1954, the Boston and Maine's 55 new Budd cars neared completion



New Matisa tamper acquired by the Railroad in 1954, shown in operation at Gardner, Mass.



One of 18 steel pulpwood cars built at the Concord Shops in 1954, the first cars constructed at the shops since World War II. Six cars were built for Champion International Paper Co., and 12 for the Boston and Maine



Wheel truing machine at Boston Terminal milling the wheels of a diesel electric locomotive, an important new tool installed last year



New and powerful double retarders installed late last year in Hump Yard 9, at East Somerville, replacing old Boston type retarders installed 27 years ago

Back Cover — North Station, Boston

